

FRESNO UNIFIED SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994;
Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007

July 1, 2005, through June 30, 2008



JOHN CHIANG
California State Controller

January 2011



JOHN CHIANG
California State Controller

January 28, 2011

Michelle Arax Asadoorian, President
Board of Education
Fresno Unified School District
2309 Tulare Street
Fresno, CA 93721

Dear Ms. Asadoorian:

The State Controller's Office audited the costs claimed by the Fresno Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2005, through June 30, 2008.

The district claimed \$1,237,961 (\$1,239,668 less a \$1,707 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$1,133,294 is allowable and \$104,667 is unallowable. The costs are unallowable because the district claimed non-reimbursable initial truancy notifications. The State paid the district \$71,453. Allowable costs claimed exceed the amount paid by \$1,061,841.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's Web site at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

cc: Michael E. Hanson, Superintendent
Fresno Unified School District
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Fresno Unified School District
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the Fresno Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2005, through June 30, 2008.

The district claimed \$1,237,961 (\$1,239,668 less a \$1,707 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$1,133,294 is allowable and \$104,667 is unallowable. The costs are unallowable because the district claimed non-reimbursable initial truancy notifications. The State paid the district \$71,453. Allowable costs claimed exceed the amount paid by \$1,061,841.

Background

Education Code section 48260.5 (added by Chapter 498, Statutes of 1983) originally required school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means that: (1) the pupil is truant; (2) parents or guardians are obligated to compel the pupil's attendance at school; (3) parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution; (4) alternative educational programs are available in the district; and (5) they have the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

Chapter 1023, Statutes of 1994, amended Education Code section 48260.5 to require school districts to notify the pupil's parent or guardian that (1) the pupil may be subject to prosecution; (2) the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege; and (3) it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day. However, the Commission on State Mandates (CSM) did not amend the program's parameters and guidelines until January 31, 2008 (effective July 1, 2006). Therefore, until June 30, 2006, districts were eligible for mandated program reimbursement if they notified parents or guardians of the first five elements.

Education Code section 48260 originally defined a truant pupil as one who is absent from school without a valid excuse for more than three days or who is tardy in excess of 30 minutes on each of more than three days in one school year. Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, amended Education Code section 48260 and renumbered it to section 48260, subdivision (a), stating that a pupil is truant when he or she is absent from school without valid excuse three full days in one school year or is tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof. However, the CSM did not amend the program's parameters and guidelines until January 30, 2008 (effective July 1, 2006). Therefore, for mandate-reimbursement purposes, until June 30, 2006, a pupil was initially classified as truant upon the fourth unexcused absence.

On November 29, 1984, the State Board of Control (now CSM) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under Government Code section 17561.

The parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted parameters and guidelines on August 27, 1987, and amended them on July 22, 1993, and January 31, 2008. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Notification of Truancy Program for the period of July 1, 2005, through June 30, 2008.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the Fresno Unified School District claimed \$1,237,961 (\$1,239,668 less a \$1,707 penalty for filing a late claim) for costs of the Notification of Truancy Program. Our audit disclosed that \$1,133,294 is allowable and \$104,667 is unallowable.

The State paid the district \$71,453. Our audit disclosed that \$1,133,294 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,061,841, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on November 24, 2010. Ruth F. Quinto, Deputy Superintendent/CFO, Administrative Services, responded by letter dated December 9, 2010 (Attachment), disagreeing with the audit results. This final audit report includes the district's response.

Restricted Use

This report is solely for the information and use of the Fresno Unified School District, the Fresno County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

January 28, 2011

**Schedule 1—
Summary of Program Costs
July 1, 2005, through June 30, 2008**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2005, through June 30, 2006</u>				
Number of initial truancy notifications	27,296	24,556	(2,740)	Findings 1, 2
Uniform cost allowance	× \$15.54	× \$15.54	× \$15.54	
Total program costs	<u>\$ 424,180</u>	381,600	<u>\$ (42,580)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 381,600</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Number of initial truancy notifications	18,876	26,427	7,551	Finding 1
Uniform cost allowance	× \$16.15	× \$16.15	× \$16.15	
Subtotal	304,847	426,796	121,949	
Less allowable costs that exceed costs claimed ²	—	(121,949)	(121,949)	
Total program costs	<u>\$ 304,847</u>	304,847	<u>\$ —</u>	
Less amount paid by the State		(71,442)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 233,405</u>		
<u>July 1, 2007, through June 30, 2008</u>				
Number of initial truancy notifications	29,551	25,958	(3,593)	Findings 1, 2
Uniform cost allowance	× \$17.28	× \$17.28	× \$17.28	
Subtotal	510,641	448,554	(62,087)	
Less late filing penalty	(1,707)	(1,707)	—	
Total program costs	<u>\$ 508,934</u>	446,847	<u>\$ (62,087)</u>	
Less amount paid by the State		(11)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 446,836</u>		
<u>Summary: July 1, 2005, through June 30, 2008</u>				
Total costs	\$ 1,239,668	\$ 1,256,950	\$ 17,282	
Less late filing penalty	(1,707)	(1,707)	—	
Less allowable costs that exceed costs claimed ²	—	(121,949)	(121,949)	
Total program costs	<u>\$ 1,237,961</u>	1,133,294	<u>\$ (104,667)</u>	
Less amount paid by the State		(71,453)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,061,841</u>		

¹ See the Findings and Recommendations section.

² Government Code section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2006-07.

Findings and Recommendations

FINDING 1— Understated and unallowable initial truancy notifications

The district claimed costs for unallowable initial truancy notifications, but also understated the total number of initial truancy notifications distributed. For the audit period, the district understated claimed costs by \$177,044. The understated costs resulted for the following reasons:

- The district's records show that the district understated the total number of initial truancy notifications claimed for fiscal year (FY) 2005-06 and FY 2006-07.
- The district claimed initial truancy notifications distributed for students who attended charter schools. Charter school activities are not eligible for mandated program reimbursement.
- The district claimed initial truancy notifications distributed for independent study students. Independent study students are not subject to initial truancy notification requirements.
- The district claimed multiple truancy notifications that it distributed for the same student during the school year. Only the initial truancy notification is eligible for mandated program reimbursement.

The following table summarizes the audit adjustment:

	Fiscal Year			Total
	2005-06	2006-07	2007-08	
Number of initial truancy notifications documented	31,641	26,787	29,551	
Less number of initial truancy notifications claimed	27,296	18,876	29,551	
Understated number of initial truancy notifications	4,345	7,911	—	
Uniform cost allowance	× \$15.54	× \$16.15	× \$17.28	
Unallowable costs	\$ 67,521	\$ 127,763	\$ —	\$ 195,284
Number of initial truancy notifications distributed for charter school students	(422)	(360)	(300)	
Uniform cost allowance	× \$15.54	× \$16.15	× \$17.28	
Unallowable costs	\$ (6,558)	\$ (5,814)	\$ (5,184)	(17,556)
Number of initial truancy notifications distributed for independent study students	(42)	—	—	
Uniform cost allowance	× \$15.54	× \$16.15	× \$17.28	
Unallowable costs	\$ (653)	\$ —	\$ —	(653)
Duplicate initial truancy notifications	(2)	—	—	
Uniform cost allowance	× \$15.54	× \$16.15	× \$17.28	
Unallowable costs	\$ (31)	\$ —	\$ —	(31)
Audit adjustment	\$ 60,279	\$ 121,949	\$ (5,184)	\$ 177,044

The program's parameters and guidelines instruct claimants to claim mandate-related costs as follows:

Report the number of initial notifications of truancy distributed during the year. Do not include in that count the number of notifications or other contacts which may result from the initial notification to the parent or guardian.

The parameters and guidelines also require claimants to maintain documentation that supports the total number of initial truancy notifications distributed.

In addition, Government code section 17519 defines a "school district" as any school district, community college district, or county superintendent of schools. This definition does not include charter schools. As a result, charter school activities are not eligible for reimbursement under Government Code section 17560.

Recommendation

We recommend that the district claim the number of allowable initial truancy notification letters that its records support. We recommend that the district exclude from this count those letters that it distributes for charter school and independent study students, and multiple letters that it distributes for the same student during the school year.

District's Response

The District has no significant issue regarding the disallowed truancy notifications. Some of the issues raised in the report, such as charter school eligibility, are being addressed by others outside this process through litigation. . . . The District believes the outcomes of these issues will be favorable however it does not currently intend to challenge the findings. . . .

SCO's Comment

Our finding and recommendation are unchanged. The district's response does not specifically address the understated initial truancy notifications, notifications distributed for independent study students, and multiple notifications distributed for the same student during the school year.

The district appears to disagree with the unallowable initial truancy notifications attributable to charter school students. Chapter 1459, Statutes of 1984, added Government Code section 17519, which defines a school district. The definition does not include charter schools. On May 25, 2006, the Commission on State Mandates (CSM) issued its Charter Schools III statement of decision affirming that a charter school is not a school district as defined in Government Code section 17519, and thus is not eligible to claim reimbursement under Government Code section 17560.

**FINDING 2—
Non-reimbursable
initial truancy
notifications**

The district claimed non-reimbursable initial truancy notifications totaling \$159,762. The district claimed initial truancy notifications that it distributed for students who did not accumulate the required number of unexcused absences or tardiness occurrences to be classified as truant under the mandated program.

The district accounts for student attendance differently depending on the student’s grade level. Therefore, we stratified these students into two groups: those students subject to daily attendance accounting and those subject to period attendance accounting. We excluded community day school students from the population sampled (62 students for FY 2005-06 and 74 students for FY 2007-08).

For each group, we selected a statistical sample of initial truancy notifications based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We used statistical samples so that we could project the sample results to the population for each group. We did not select samples for FY 2006-07 because the district significantly understated total initial truancy notifications for that fiscal year (see Finding 1).

The district claimed non-reimbursable initial truancy notifications for the following reasons:

- For FY 2005-06, students accumulated only three unexcused absences or tardiness occurrences during the school year.
- For FY 2005-06, students accumulated fewer than four unexcused absences or tardiness occurrences while between ages 6 and 18.
- For FY 2007-08, students accumulated fewer than three unexcused absences or tardiness occurrences while between ages 6 and 18.
- Students accumulated fewer than three unexcused absences or tardiness occurrences during the school year.

The following table summarizes the non-reimbursable initial truancy notifications:

	<u>Fiscal Year</u>	
	<u>2005-06</u>	<u>2007-08</u>
Number of unexcused absences and tardiness occurrences accumulated during the school year:		
Daily attendance accounting:		
Three total (FY 2005-06 only)	(7)	—
Fewer than four while between ages 6 and 18 (FY 2005-06 only)	(23)	—
Fewer than three while between ages 6 and 18 (FY 2007-08 only)	—	(15)
Fewer than three total	<u>(2)</u>	<u>(6)</u>
Unallowable initial truancy notifications, daily attendance accounting	<u>(32)</u>	<u>(21)</u>
Period attendance accounting:		
Three total (FY 2005-06 only)	(20)	—
Fewer than four while between ages 6 and 18 (FY 2005-06 only)	(8)	
Fewer than three while between ages 6 and 18 (FY 2007-08 only)	—	(5)
Fewer than three total	<u>(3)</u>	<u>(6)</u>
Unallowable initial truancy notifications, period attendance accounting	<u>(31)</u>	<u>(11)</u>

The following table summarizes the audit adjustment based on the unallowable initial truancy notifications identified for each group sampled:

	Fiscal Year		Total
	2005-06	2007-08	
Daily attendance accounting:			
Number of unallowable initial truancy notifications from statistical sample	(32)	(21)	
Statistical sample size	÷ 149	÷ 149	
Unallowable percentage	(21.48)%	(14.09)%	
Population sampled	× 19,145	× 16,891	
Extrapolated number of unallowable initial truancy notifications	(4,112)	(2,380)	
Uniform cost allowance	× \$15.54	× \$17.28	
Unallowable costs, daily attendance accounting	\$ (63,900)	\$ (41,126)	\$ (105,026)
Period attendance accounting:			
Number of unallowable initial truancy notifications from statistical sample	(31)	(11)	
Statistical sample size	÷ 148	÷ 148	
Unallowable percentage	(20.95)%	(7.43)%	
Population sampled	× 11,968	× 12,286	
Extrapolated number of unallowable initial truancy notifications	(2,507)	(913)	
Uniform cost allowance	× \$15.54	× \$17.28	
Unallowable costs, period attendance accounting	\$ (38,959)	\$ (15,777)	(54,736)
Audit adjustment	\$ (102,859)	\$ (56,903)	\$ (159,762)

Education Code section 48260, subdivision (a), as amended in 1994, states:

Any pupil subject to compulsory full-time education or to compulsory continuation education [emphasis added] who is absent from school without valid excuse three full days in one school year or tardy or absent for more than any 30-minute period during the schoolday [sic] without a valid excuse on three occasions in one school year, or any combination thereof, is a truant. . . .

Education Code section 48200 states that children between the ages of 6 and 18 are subject to compulsory full-time education. Therefore, student absences that occur before the student's 6th birthday or after the student's 18th birthday are not relevant when determining whether a student is a truant.

For FY 2005-06, the parameters and guidelines state that initial truancy occurs when a student is absent from school without a valid excuse *more* than three days or is tardy in excess of 30 minutes on each of *more* than three days in one school year. The CSM did not amend the parameters and guidelines until July 1, 2006. Therefore, an FY 2005-06 initial truancy notification is reimbursable only when a student has accumulated four or more unexcused absences or tardiness occurrences while between ages 6 and 18.

Effective July 1, 2006, the CSM adopted amended parameters and guidelines for the Notification of Truancy Program. The amended parameters and guidelines state:

A truancy occurs when a student is absent from school without valid excuse three (3) full days in one school year, or is tardy or absent without valid excuse for more than any thirty (30)-minute period during the school day on three (3) occasions in one school year, or any combination thereof.

Recommendation

We recommend that the district claim initial truancy notifications only for those students who meet the truancy definition provided in the parameters and guidelines.

District's Response

The District has no significant issue regarding the disallowed truancy notifications . . . The SCO's audit methodology, with which the District disagrees, is being challenged through the Commission on State Mandates. The District believes the outcomes of these issues will be favorable however it does not currently intend to challenge the findings. . . .

SCO's Comment

Our finding and recommendation are unchanged. The district states that it disagrees with the "SCO's audit methodology." The SCO conducted an audit entrance conference with district representatives on November 30, 2009. At that time, the SCO notified district representatives that the audit process would include reliance on statistical sampling. District representatives did not voice any objection at that time. The district's response provides no specifics regarding its disagreement; therefore, we are unable to comment further on the district's response.

**Attachment—
District's Response to
Draft Audit Report**



Preparing Career Ready Graduates

BOARD OF EDUCATION

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SUPERINTENDENT

Michael E. Hanson

December 9, 2010

Jim L. Spano, CPA
Chief, Compliance Audits Bureau
Division of Audits
State Controllers Office
P.O. Box 942850
Sacramento, CA 94250-5874

RE: Fresno Unified School District
Notification of Truancy
Audit of Annual Mandate Reimbursement Claim
Fiscal Years 2005/06 thru 2007/08

This letter responds to the draft audit report issued November 24th by the State Controllers Office (SCO) regarding costs claimed by Fresno Unified School District (District) for the legislatively mandated Notification of Truancy Program for fiscal years 2005/06 through 2007/08. The District extends its gratitude to the SCO staff for their professional courtesy throughout the audit and appreciates this opportunity to respond to the audit findings.

The District has no significant issue regarding the disallowed truancy notifications. Some of the issues raised in the report, such as charter school eligibility, are being addressed by others outside this process through litigation. The SCO's audit methodology, with which the District disagrees, is being challenged through the Commission on State Mandates. The District believes the outcomes of these issues will be favorable however it does not currently intend to challenge the findings. Additionally the District has taken the necessary steps to resolve the findings where appropriate.

The District once again thanks the SCO for this opportunity to respond to the audit findings. Please note that the District reserves the right to raise other issues (if necessary) in subsequent proceedings related to the SCO's audit of these claims.

Sincerely,

Ruth F. Quinto, Deputy Superintendent/CFO
Administrative Services

cc: Michael Hanson
Jacquie Canfield
Tammy Townsend

**State Controller's Office
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